



PETGAS TRADING (UK) LTD

Eddie Blackburn
Regulatory Frameworks
National Grid
National Grid House
Gallows Hill
Warwick
CV34 6DA

8th September 2008

Dear Eddie,

Re: NTS GCM 12: Retrospective Negative TO Entry Commodity Charge & Separate Management of K

Petgas Trading (UK) Ltd ("Petgas") would like to submit the following in response to the above Transportation Charging Methodology Consultation.

Summary

Petgas supports the principle of GCM12 to distribute any residual over recovery amount of the TO entry revenue after taking into account any revenue redistributed by the mechanisms introduced via GCM 09 and GCM 10. Our understanding is that distribution would be paid based on relevant entry allocations attracting the TO Entry Commodity charge and that the proposed treatment of the K components ensures that there is no potential for Exit Users cross subsidising Entry Users.

In providing our support we do have some observations on the Consultation. The Executive Summary describes the buy-back offset mechanism as leading to a credit being paid to all Users based on their Monthly System Entry Capacity (MSEC) holdings. It is our understanding that MSEC normally refers to capacity sold in a monthly strip. However the Gas Transportation Charging Methodology (as revised in April 2008 to reflect GCM 09) refers to credits being apportioned to each Shipper on the basis of their original capacity holdings for a relevant month.

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Similarly the UNC when describing Capacity Neutrality Arrangements refers to distributions being apportioned on the basis of Fully Adjusted Firm Available NTS Entry Capacity at an ASEP. Firm NTS Entry Capacity is defined as meaning Quarterly NTS Entry Capacity, Monthly NTS Entry Capacity and Daily Entry Capacity.

We would accept that the GCM 09 process offsets buy-back cost on a monthly basis but believe the driver is still the total capacity holdings for that month. As such if Quarterly NTS Entry Capacity is held for the month in question then this also forms part of the allocation.

We would therefore question the reference to the term MSEC in both GCM 12 and GCM 10 when referring to the TO over recovery process and would appreciate confirmation that this is an error. In practice as, to our knowledge, MSEC is not a defined UNC term, it may be better to avoid its use in the future unless it is absolutely clear what is being referred.

We trust you find our comments useful and if you have any questions then do not hesitate to get in touch.

Yours sincerely



Saheera Ahmad
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